

TITLE	2024/25 Final High Needs Block Budget
FOR CONSIDERATION BY	Schools Forum on 13 th March 2024
WARD	(None Specific);
LEAD OFFICER	Director of Children's Services - Helen Watson

OUTCOME / BENEFITS TO THE COMMUNITY

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

RECOMMENDATION

Schools Forum is asked to:

- note the work undertaken to date by the HNB Task & Finish Group
- note and comment on the planned increase on funding rates for Wokingham settings, from 1st April 2024, of:
 - holding mainstream hourly rate
 - holding resource base bandings
 - holding special school bandings
 - holding core funding for our PRUs
 - INMSS inflation will follow our uplift governance process
- Holding rates until new banding implementation in September 2024

SUMMARY OF REPORT

To update Schools Forum on the approach to the 2024/25 High Needs Block Budget setting and funding rates for Wokingham settings from 1st April 2024.

The financial outlook for High Needs in Wokingham remains a significantly challenging position. However, the DSG Management Plan set out as part of the Safety Valve submission provides a road map to financial sustainability over a 6 year timeframe. 2024/25 will take us into the second year of the Safety Valve Programme.

Against income of £30.6m, spend of £40.8m is anticipated for the 2024/25 financial year, driving a £10.2m in-year deficit. While the deficit continues to be high, the planned Safety Valve programme brings the position back to balance by 2028/29.

The current Safety Valve budget expenditure profile will continue to be challenging to execute as the planned changes and developments are adopted.

2023/24 Final High Needs Block Budget March 2023

.01 Purpose of the Report

To update Schools Forum on the approach to the 2023/24 High Needs Block Budget setting and increased funding rates for Wokingham settings from 1st April 2024.

.02 Recommendation

Schools Forum is asked to:

- note the work undertaken to date by the HNB Task & Finish Group
- note the proposed implementation of the new banding framework in September 2024
- note and comment on the planned funding rates for Wokingham settings, from 1st April 2024, of:
 - Holding mainstream hourly rate
 - Holding resource base bandings
 - Holding Special School bandings
 - IMSS Inflation to follow governance process

.03 Background

As one of four blocks of Dedicated Schools Grant (DSG) funding provided by the Department for Education (DfE), the High Needs Block (HNB) is allocated to Local Authorities through a national formula and is intended to fund support for children and young people with special educational needs and disabilities (SEND) from their early years to age 25. High Needs Funding is also intended to support good quality Alternative Provision (AP) for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools.

While significant increases in HNB funding has been provided nationally in recent years, in Wokingham, as with many other LAs, the cost and demand of support for vulnerable children and young people has outstripped available resources.

Locally, the cumulative deficit on the HNB as at 31st March 2023 stood at £15.3m, and is projected to increase to £20.5m by the end of the current financial year.

Modelling on the longer term financial outlook has been undertaken and discussed with the DfE, as part of Safety Valve proposals, setting out delivery of a

management plan to deliver in-year balance by 2028/29. Detailed budget setting decisions for the 2024/25 HNB have therefore been taken in the context of that longer term financial plan, and planned financial envelope for the coming 12 months.

.04 2023/24 High Needs Block Funding

Nationally, High Needs Block funding is increasing by £440m, or 4.3%, in 2024/25.

The National Funding Formula ensures that every local authority receives an increase of at least 3% per head of population compared to the current financial year.

The budget allocation notified to Wokingham in December is £29.5m, an increase of £1.1m on 2023/24 levels.

The autumn statement requires additional grant of 3.4% passed on to special, PRU and hospital school settings.

.05 High Needs Block Task & Finish Group

Members of the High Needs Block Task & Finish Group are as below, with support provided by relevant Council Officers:

- Corrina Gillard – Head Teacher, Emmbrook Infant School
- Debra Briault – Chief Operating Officer, The Circle Trust
- Raj Arava – School Business Manager, Foundry College
- Sara Attra – Head Teacher, Addington School

- Ming Zhang – Interim Assistant Director, Learning Achievement & Partnerships
- Jamie Conran – Head of SEND

The group has met once, with additional email correspondence thereafter to discuss in more detail the HNB model and outlook underpinning the DSG Management Plan, and the impact of the Safety Valve Programme.

Inflation provided the key focus for the Group at this time, given rising cost pressures on all settings significantly outstrip the resources available in the context of a 6-year balanced budget position.

.06 High Needs Block Budget Profile 2024/25

The financial outlook set out within the DSG management Plan and Safety Valve submission recognises the need for investment to ensure real change is delivered to provide longer term financial sustainability. This, taken with the expected timing of delivery of benefits from various aspects of the programme, meant that an increased pressure is anticipated for the 2024/25 financial year.

Against income of £30.6m, spend of £40.8m is anticipated for the 2024/25 financial year, driving a £10.2m in-year deficit. While this represents a significant expected

deficit profile, it is planned for within the overall programme that brings the position back to balance by 2028/29.

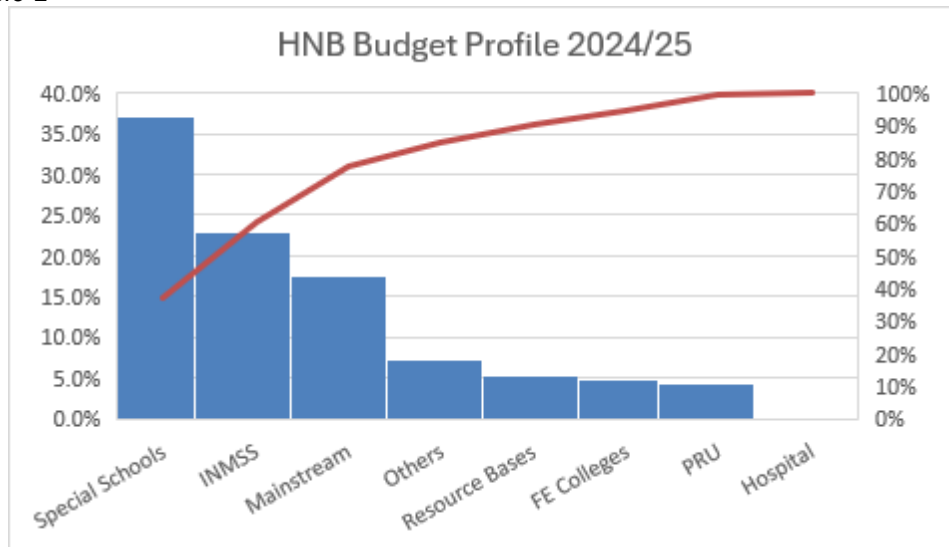
Table 1

High Needs Block:	Year 2
	2024-25
Total Mitigated HNB Projected Spend	40,789,821
Projected HNB income	-30,591,589
HNB In-Year Deficit	10,198,232

The financial profile within the Management Plan takes account of the impact of the programme, and therefore the ‘mitigated’ projection informs the budget plan. While much of the impact of the programme will be felt beyond 2024/25, traction of expected benefits will be monitored closely from the outset.

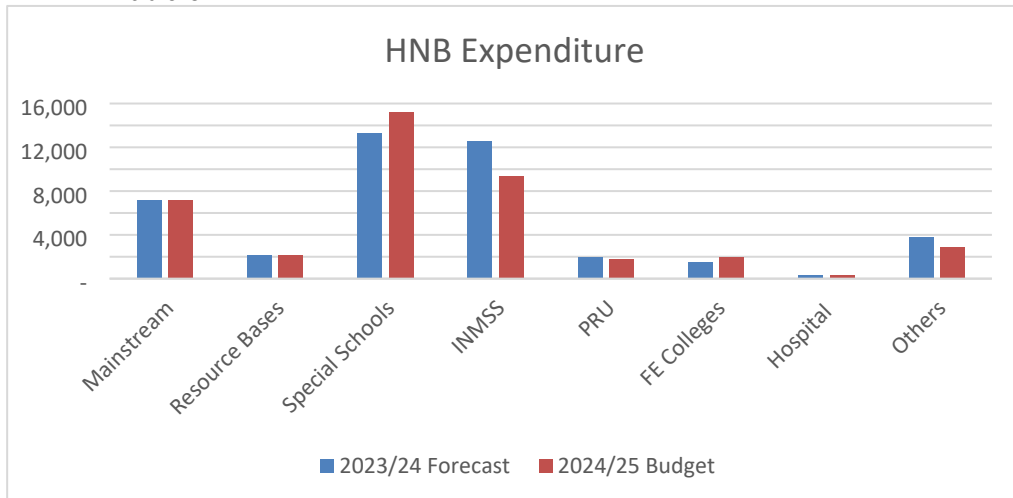
In summary, the planned expenditure profile within the HNB is as follows:

Table 2



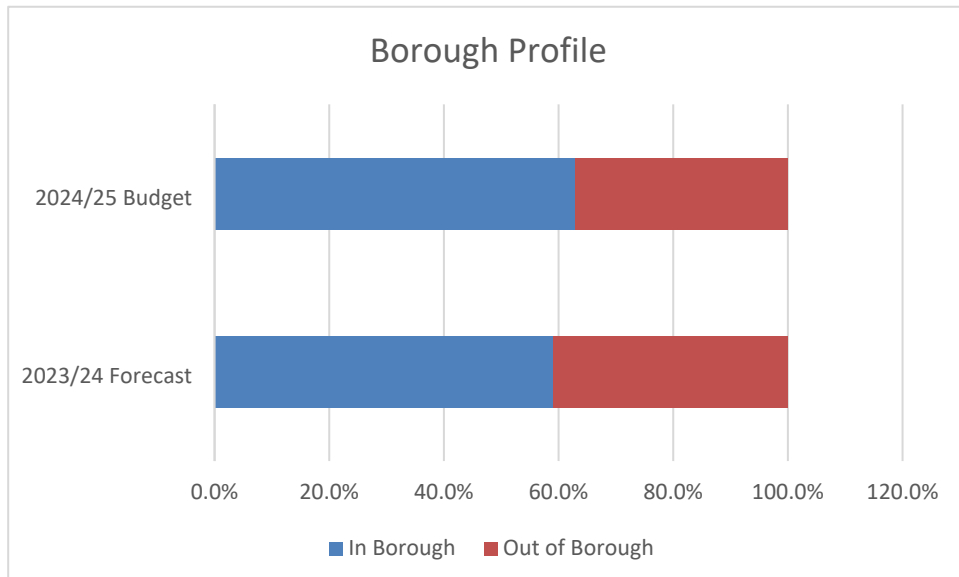
Against the 2023/24 forecast, this shows the start of the expected impact of additional special school places in borough that will increase over time.

Table 3



The 2024/25 budget plan also shows the start of that expected impact on spend in-borough compared to that beyond Wokingham.

Table 4



The full budget profile is provided in Appendix A.

Special Schools

Budget plans include cost profile as indicated at this time associated with the opening of Oak Tree and the new satellite site for Addington School.

Work remains ongoing with Addington on the detailed mechanism for passing over funding, however the expected cost envelope for the provision, including start-up and diseconomies of scale costs, has been agreed and planned for within budget figures.

Support for Inclusion / SEND Support

As set out above, it is recognised that investment is required to support delivery of the system changes necessary to deliver on SEND ambitions for Wokingham. Provision has therefore been made in the budget to support the programme in this area, building on previous amounts made available for the Inclusion Group etc.

In the interest of making informed decisions around the model of SEND support that is best for Wokingham children, families and settings, various models of SEND support are being investigated and evaluated. It is intended that stakeholders will have opportunities to contribute and plans will be shared and consulted on where appropriate over the coming months.

.07 Uplifts on Rates for 2024/25

Work undertaken in conjunction with the HNB Task & Finish Group, has sought to balance the cost inflation pressures faced by settings, with the funding requirements of the HNB Operational Guidance and the financial profile set out in the DSG Management Plan.

In summary, the approach taken was:

1. Calculate the 'what must we do':
 - a. MFG; 0 – 0.5% in 2024/25 for local special schools
 - b. additional grant – 3.4% on 2024/25 average top-up per place for special schools, PRU & Hospital School
2. Review overall affordability within management plan model

The outcome of that work is therefore that from the 1st April 2023:

- Hold mainstream hourly rate
- Hold resource base bandings
- Hold Special School bandings

Inflation on INMSS Placements

As part of the South West & South Central framework, Wokingham applies an annual inflationary cap to requests from INMSS providers, with this being set at 2.5% for the 2024/25 financial year. This cap applies to all placements whether made through the framework or not.

While framework negotiations remain ongoing, it is clear that the level of requests being received by LAs is far beyond what is affordable within available resources. SEND Commissioners within Wokingham remain part of those framework discussions, however it is clear that the risks in this area will require to be carefully managed.

.09 Financial Summary

The financial outlook for High Needs in Wokingham remains a significantly challenging position. However, the DSG Management Plan set out as part of the Safety Valve submission provides a road map to financial sustainability over a 6 year timeframe.

Against income of £30.6m, spend of £40.8m is anticipated for the 2024/25 financial year, driving a £10.2m in-year deficit. While this represents a significant expected deficit profile, it is planned for within the overall programme that brings the position back to balance by 2028/29.

Review work by the HNB Task & Finish Group, and proposals taken on planned banding reviews for the 2024/25 seek to balance pressures faced by settings from current inflation levels with the financial profile set out in the Management Plan.

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